



COUNTRY DEVELOPMENT STRATEGY STATEMENT - UPDATE

USAID/SWAZILAND

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I. General Update

A. Socio-Political Situation

This CDSS update comes at a critical time in Swaziland's history. Sobhuza II, King of Swaziland for 61 years, died in August 1982, and his successor will not reach the age of majority and, thus, assume power until about 1993. While respect for tradition and the sometimes tedious practice of consensus in decision-making were hallmarks of King Sobhuza's reign, the policy framework that emerged was generally permissive if not always totally supportive of development. King Sobhuza also provided the important elements of unity and authority in the national process; these may now be missing.

In this country of two governments--traditional and modern--King Sobhuza was the head of both, and he was the universally accepted final authority for resolution of differences in each. In a formal sense, there now are persons and institutions which have assumed the King's authority. Thus far, however, it appears that none can exercise in fact anywhere near the same kind of authority as King Sobhuza. The policy-formulation and decision-making processes can be expected, therefore, to be even slower and more obscure than they were during King Sobhuza's time, especially during the first few years of interregnum.

On the other hand, with the authority of King Sobhuza now absent, individuals with the power of wealth or position may now begin to exercise their power more independently, relative to both national policy and patrimony. If these are persons of integrity, with

relatively modern outlooks, Swaziland's overall development/policy orientation could actually improve. It remains to be seen, however, whether they could change in a significant way strongly held traditional institutions such as the systems of land allocation and tenure or local authority. Nevertheless, astute outside observers of the political process and of individuals involved in it may find increased opportunities to contribute useful ideas to the policy-making process over the next few years.

In Swaziland, one is always aware of the tenuous balance between traditional, conservative practices and modernization. Now, however, the chief proclamaunt and articulator of Swazi tradition--the King--is gone. While others in the traditional sector will continue to have influence, we expect that as time passes their voices will have less weight than those of modernizers. We expect such changes to occur gradually and in such a manner that political stability would be maintained and the climate for development enhanced.

The sum of these very tentative estimates of the post-Sobhuza period is a policy-making environment somewhat more favorable to modernization and development, but at the same time a policy-making process that is less consistent and harder for outsiders to understand. This will require us to be careful observers of the evolving policy-making process. Accurate assessment of the process, a flexible approach on the Mission's part, and substantive policy support from AID/W should provide useful opportunities for policy-oriented input.

B. Economic Situation

1. Summary

Compared to most other economies, Swaziland has done exceptionally well over the past decade. Exports have grown rapidly and have become more diversified. Production has increased, in most years more than inflation and population growth. Significant progress has also been made in human resource and institutional development. However, the outlook for the next few years does not appear as bright. Increasingly serious economic problems include stagnation of production in traditional agriculture, the inability of the economy to generate sufficient jobs to accommodate new entrants to the modern sector work force, an emerging fiscal problem, a large balance of trade deficit, and a rapidly growing publicly guaranteed debt. This analysis confirms that agricultural productivity and employment generation should continue as principal objectives of A.I.D. strategy. Budgetary and staff constraints will limit, more than in the past, GOS capacity to support new and ongoing development assistance programs.

2. Income Growth

Between 1976 and 1981, the growth of GDP, in real terms, averaged 4.9% per year. However, such growth has been erratic and uneven. Growth rates between 1975 and 1978 reached 10.9% in real terms, but cutbacks in asbestos production and a drought resulted in no growth in 1979. From 1979 to 1981 there was gradual improvement. Despite increases in levels of production, falling sugar prices combined with worldwide recession make 1982, at best, a zero real growth year.

On a per capita basis, Swaziland's GNP grew from \$650 in 1979 to \$840 in 1981. Discounted for inflation, this represents a respectable 2.2% real annual growth rate. However, as suggested above, growth in 1982 is expected to be zero or negative. The existing maldistribution of income is unchanged and possibly worse due to bad crop years in 1981 and 1982.

The most rapidly growing sector from 1978 to 1981 was manufacturing, whose share of GDP increased from 22% to 26%. Government's share of GDP has risen steadily during the same period from 11.7% to 13.3%, for a real growth of 6.5% per year. Modern commercial agriculture and the distributive/service trades also increased their share, while construction's share dropped from 9.2% to 3.7%. Most important from the standpoint of development, however, the real value of output on Swazi Nation Land, upon which more than half of Swaziland's population depends, actually decreased during this period. Grain output, for example, was 40% below normal in 1982, and may well fall again in 1983 because of drought conditions early in the growing season.

3. Employment and Underemployment

Compared to other African countries, Swaziland has a large proportion (28% in 1980) of the working age population in paid employment. Since 1976 employment growth has averaged 3.0%, while working age population has grown at 3.4%. Public sector employment in Swaziland accounts for nearly one-fourth of the total as compared to 39% in Malawi and 66% in Tanzania. In 1976 there were nearly 21,000 Swazis working in

South African mines, but fewer than 13,000 were working there in 1982. In addition, some 16,000 Swazis work in South Africa outside the mines, a number which has remained constant in recent years.

Paid employment was growing more slowly at the end of the 1970s (2.6% per year) than at the beginning (7.3%). This decline in the rate of job creation, combined with high population growth rates, has led to rapid increases in the number of unemployed and underemployed. In the recent past, of the 7,000 people each year who completed their formal education and sought paid employment, fewer than 2,700 found jobs. The reduction in the growth of GDP currently forecast will reduce the number finding modern sector jobs. With current production techniques, these people cannot be used productively in traditional agriculture. Better employment opportunities in South Africa will probably not exist. The non-formal sector has been able to increase its size by only a few hundred jobs each year. Clearly, then, the already increasing problems of unemployment and underemployment in Swaziland will be exacerbated.

4. Foreign Trade and Balance of Payments

Swaziland's exports have grown and become increasingly diversified over the past few years. From 1976 to 1981 exports grew by 14% per year, with sugar accounting for 45% of the increase and 38% of total 1981 exports. Fertilizer exports grew from E553,000 in 1976 to E55.8 million. Manufactured exports grew threefold in this period. Wood product exports have done well and accounted for 16% of all 1981 exports. Asbestos, coal, citrus and canned fruit exports have been

relatively constant in value, while meat exports have declined and iron ore production has ceased.

Imports have grown by 23.5% per year since 1976.

Non-machinery/transport manufactured imports grew by 32% per year, mineral fuels 31% and chemicals 27%. Food imports became less important, but still grew by 18% per year.

The balance of trade, positive through 1975, was in deficit by E5.9 million in 1976. By 1981, the deficit had grown to E175 million. Although net foreign assets increased by E25 million between 1976 and 1981, they were equal to 6.2 months of (cif) imports in 1976, and only 2.7 months in 1981. Since the service account is also in deficit, the balance of payments accounts are reconciled mainly through a large "net errors and omissions" item. The resulting balance of payments is estimated to have gone from a surplus of E23 million in 1976 to a deficit of E14.5 million in 1981.

5. Government Budget

GOS revenues more than doubled from 1976 to 1982, with receipts from the Customs Union accounting for 73% of the increase. The Customs Union now provides 62% of total receipts. The individual income tax, while increasing in amount, has fallen as a percentage of both revenues and the tax base. The contribution to revenues of the corporation tax, sugar levy and hotel and casino tax have remained roughly constant, contributing 14%, 9% and 1%, respectively, of total government revenue.

Since 1977, capital outlays have declined as a percentage of overall government spending. This is partly due to the limited institutional capacity of certain GOS ministries to implement capital projects and partly due to increasing demands for recurrent funds throughout the government. Over the period 1978/79 to 1981/82, GOS budgets for capital spending totalled E438 million, but only E283 million was actually spent for this purpose.

Because revenues are expected to remain constant for the next few years, the GOS is attempting to institute budgetary controls and reduce the rapid growth in spending experienced in recent years. Capital spending will be particularly hard hit, and an existing freeze on new employment will probably be extended. While overall spending will increase, the increase will be less than in recent years.

The disbursed foreign debt of the government rose from \$78 million in 1978 to \$163 million in 1981. However, preliminary estimates that include publicly guaranteed debt bring the total to around \$500 million. Unfortunately, much of the publicly guaranteed debt is owed by enterprises whose ability to repay is in doubt. Therefore, although debt service has heretofore been low, in 1982 consuming only 12% of government spending and 8% of export revenue, it may be on the threshold of becoming a more worrisome problem.

6. Human Resources

Compared with the macro-economic situation described in the foregoing paragraphs, Swaziland seems to be making continued progress in human resource development. In education, the proportion of school-age children attending schools has continued to increase to the point that it now seems possible to achieve universal primary education in 1985. Enrollments at higher grades have also registered impressive gains. Meanwhile, concomitant quality problems, especially at primary level, are now a focus of attention throughout the country. The University College of Swaziland, formerly part of the University of Botswana and Swaziland, became the University of Swaziland in 1982 and continues to make gradual progress. Vocational training and continuing education for public sector employees remain problem areas.

With regard to health, available data indicate a gradual but significant increase in life expectancy from 44 years in 1975 to 46 in 1978 and about 48.4 currently. Figures on infant mortality indicate a drop from 168 per 1,000 in 1975 to 135 in 1980.^{1/} Thus, there has been progress. However, Swaziland's health status, measured especially by under-two mortality, remains worse than that of most countries with similar income levels.

Estimates of population growth continue to cluster at about 3.4%, with small declines in both crude birth and crude death rates.

^{1/} Due to statistical problems, we believe these data may overstate the degree of progress.

Although precise statistical evidence is lacking, the number of family planning acceptors clearly is increasing, and close observers believe that overall demand is also growing appreciably. For example, the Family Life Association of Swaziland (FLAS), established only in 1979, is about to open a second office which should about double its present level of operations. Swaziland now appears to be in a stage where public awareness, especially in the more modern segments of the population, is growing faster than official awareness and support. The government, although permissive, has not actively encouraged broad-based family planning and has yet to grasp the relationship between population growth and the country's present (and future) budget and unemployment problems.

C. Program Validity and Status

The FY 1982 CDSS document for Swaziland was approved by AID/Washington in April 1980. The next full CDSS will be submitted in January 1984. Taking into account changes and fluctuations, many of which are described in Sections I.A. and B. above, USAID confirms that the analysis contained in the approved CDSS remains valid. That is, the major constraints to development and to achievement of a higher standard of living for the majority of Swazis are four interrelated problem areas: low agricultural productivity on Swazi Nation Land, rising unemployment, rapid population growth and high under-two mortality. The USAID program and its ongoing and proposed projects are designed to address these constraints.^{1/} The program places major emphasis on human resources development as a key element in efforts to decrease or eliminate the constraints.

Project activities currently under way or planned as part of the development strategy support to a varying degree A.I.D.'s emphases on policy dialogue, the private sector, technology transfer and institutional development (see separate sections in Part II of this paper). USAID has again reviewed the potential usefulness of PL 480 resources (in addition

^{1/} It should be noted, however, that the Proposed Assistance Planning Level contained in the FY 1982 CDSS forecast a rise in program funds from \$12.3 million in FY 1982 to \$15 million in FY 1986. In fact, FY 1982 obligations totalled \$8.677 million, the FY 1983 OYB is \$6.157 million. Obviously, the magnitude of the various projects originally proposed to carry out the strategy has been greatly decreased, and some planned activities have been postponed or eliminated.

to our contribution to ongoing WFP programs) in our development program. We have concluded that additional food assistance could well be a disincentive to expansion of Swazi agricultural production.

Many other documents readily available in AID/W--CDSS, ABS, CP, Quarterly Report, etc.--describe the strategy and program and project objectives in great detail, so the following paragraphs will provide a very brief statement of Mission activities by problem area:

1. Low Agricultural Productivity on Swazi Nation Land. The Rural Development Areas Infrastructure Support Project, the Cropping Systems Research and Extension Training Project, and the proposed Small Farmer Irrigation Project all aim to increase productivity and farmer incomes on the 60 percent of total land area designated as Swazi Nation Land. These projects promote movement from subsistence to commercial farming and offer the greatest potential for benefitting the largest number of Swazis, for boosting the country's national development and for encouraging further growth of agriculturally-based private enterprise. A key factor in encouraging such major expansion is an efficient and profitable market for fresh and processed produce. USAID/S will incorporate this market-based approach into current and planned projects in the agricultural sector and will seek to expand the role of local private enterprise in the system while also encouraging participation of the U. S. private sector.

2. Rising Unemployment. For the most part USAID projects take a long-term, institution building approach to this problem. The Primary

Curriculum Development Project and the proposed Teacher Training Project will help the GOS make important changes in the primary education system and train Swazis for the types of employment opportunities Swaziland's economy is generating. Current assistance to the University of Swaziland provides management and technical training for both public and private sector individuals at a number of locations. USAID is exploring the possibility of sponsoring activities with various local organizations which can have immediate employment impact, such as the Small Enterprise Development Company.

3. Rapid Population Growth. Although USAID has no bilateral project specifically devoted to population, a variety of projects and activities over the past few years have been carried out to foster awareness of the detrimental effects of rapid population growth. These have been well received and have served as a reference point for policy dialogue and for public statement by high GOS officials. What will actually occur in the way of policy change remains to be seen but Swazi health professionals and primary health care workers are receiving A.I.D.-funded training in population education and family planning techniques.

4. High Under-Two Mortality. Through its Health Manpower Training, Rural Water-Borne Disease Control, and Health Planning and Management projects, and through many discussions with high-level officials, USAID appears to be succeeding in efforts to assist and encourage a gradual shift in the emphasis of national health programs from curative to preventive measures and from urban to rural areas. The A.I.D.-funded Institute for

Health Sciences, built under that project, has developed from an idea to a functioning, viable Swazi institution in five years and is an outstanding example of what A.I.D. can do in institution building. Through a variety of training programs funded under the Southern Africa Manpower Development Project and each of its other projects, USAID has made human resources development the cornerstone of its development efforts in Swaziland. A new project, Swaziland Manpower Development, will be proposed for initial funding in FY 1984, to provide continuation and expansion of such efforts, but to include more emphasis on the private sector and on leadership of key institutions. (See Section II.E.)

In sum, USAID reaffirms that its CDSS analysis remains valid. The USAID strategy--as it evolves and is responsive to political, social and economic developments--both addresses the stated major problems and incorporates the new A.I.D. program emphases. In particular, evolving strategy will increase the already strong program focus on institution building and will increasingly incorporate new elements which encourage private enterprise and the establishment of agro-industries.

II. Agency Emphases

A. Policy Dialogue

1. Present Situation

In October 1982, USAID/Swaziland reported on areas in which policy dialogue could be used most effectively in support of A.I.D. development strategies in Swaziland (see MBABANE 3077 of October 5, 1982). It was pointed out that, in general, GOS policies are not development constraints and clearly support private sector development. However, the ability of the GOS to take independent action in fiscal, monetary and credit policies is highly restricted by its participation in the Rand Monetary Authority (RMA) and membership in the Southern Africa Customs Union, both of which are controlled by the South African Government. Thus, the scope for A.I.D. influence on the country's macro-economic policies is likewise highly restricted.

It should be noted that in most cases the primary constraint to development progress lies not in the policies pursued by the GOS but, rather, in the weakness of the institutions which must implement them. Virtually all ministries and departments with which we deal lack adequate numbers of well-qualified individuals who possess the knowledge and confidence to act aggressively to implement major policy decisions. Because of this, the USAID has concluded that the highest priority activity in its program should continue to be participant training. GOS policies relative to the selection of personnel for training abroad and the utilization of participants upon return from training will receive particular attention in the USAID policy dialogue with the government.

As was suggested in the first section of this CDSS update, policy development and implementation in Swaziland are very much affected by the very traditional cultural environment in which they take place. Many of the most binding constraints therefore lie in areas not fully open to candid, "rational" discussion, and change will come only gradually.

However, the USAID has been actively pursuing a policy dialogue on a continuing basis with key officials responsible for development policies in those sectors in which programs are being financed by A.I.D. Generally, such dialogue takes place within the context of project design and implementation and involves the USAID Director, the Regional Economist, Program and Project officers (including contract team leaders), in policy discussions with high-level GOS officials in the responsible ministries and in the Department of Economic Planning and Statistics and the Ministry of Finance. The USAID has been reasonably successful in influencing changes in health programs, where emphasis is shifting, albeit gradually, from curative to preventive measures and from urban to rural health delivery systems. A USAID-financed PVO is providing assistance in policy development and program planning directly to the Ministry of Health. In education programs, the Primary Curriculum Development project is helping to influence a shift from a primarily academic approach to one that encourages the development of manual and technical skills.

2. Additional Means of Stimulating Sound Policy Development

USAID is considering several means of increasing the intensity of policy dialogue and development. First, rather than

reviewing our program on a project-by-project basis, we are considering ways of integrating projects into sector approaches, particularly in agriculture. Consistent with this approach, we plan to have periodic meetings with the Principal Secretaries and planning directors in each of the relevant ministries, plus the GOS planning director. Such meetings, while still in the context of a program review, would provide the opportunity for open discussion of important policy issues. In addition, we will more frequently pass to Ministers and other policy-level officials studies and other documents related to issues that are significant to the country. Finally, returned USAID participants are beginning to represent a significant body in Swaziland. Providing them with documents, not only those tailored to their specific interests, but also those with broader policy perspective, would be useful in maintaining contact as well as stimulating thinking about policy issues.

To accomplish the foregoing, missions, especially small ones, need help from AID/W. We need thoughtful, professionally respectable analytical studies of major policy issues which affect our cooperating countries. (Many of these issues are common to many countries.) Second, we could use to good effect case histories of instances in which a developing nation engaged in a specific policy reform and was successful (or unsuccessful!). Such studies could bolster significantly the quality of policy dialogue and could affect policy development in areas where dialogue is not feasible.

3. General Policy Issues

We have identified four general program-related policy areas to which we will give increased attention. First, more emphasis will be placed on wider access to and distribution of technology and resources useful to the still-very-poor majority of residents on Swazi Nation Land. Second, we will encourage, through project design, program review (see above) and other means, the increased coordination among ministries which is badly needed. Third, better management of existing natural, capital and human resources could increase production and lessen budgetary constraints. Fourth, we will encourage assumption of greater operational and financial responsibility by local authorities and by families in agricultural, health services and education programs.

B. The Private Sector

The Government of Swaziland actively encourages the development of a private sector, free market economy. Its official policies generally support such development. The National Industrial Development Corporation (NIDCS), together with its subsidiary, the Small Enterprise Development Company (SEDCO), provide incentives and technical assistance for business enterprises and individual entrepreneurs. Both organizations began as government corporations but now have substantial private sector representation on their boards and are gradually moving toward relative independence from government control. However, as is the case with most Swazi government or quasi-government organizations, both NIDCS and SEDCO are relatively weak organizations without adequate resources, both human and financial, to carry out their mandate.

The private sector in Swaziland is currently dominated by foreign interests, particularly those of Britain and the Republic of South Africa. Virtually all medium to large firms are managed by expatriate personnel, and most technical and skilled worker positions are filled by expatriates as well. Indigenous Swazi entrepreneurs are generally involved in small retailing, artisan handicrafts, local transport, semi-commercial farming and, to some extent, in small construction. Because of the low rate of participation by native Swazis in the private sector at management and technical levels, the GOS is beginning to pursue a strong policy of requiring "localization" of such positions. This means, in theory, that when a qualified Swazi is available, no such position may be filled by a

foreign national. The policy was established to accelerate the development of an indigenous Swazi private sector and to reduce the influence of foreign interests in the Swazi economy. Results have been mixed because of scarcity of qualified Swazis and because of uneven application of the policy.

USAID programs have, for some time, provided indirect assistance to the Swazi private sector through ongoing projects in the agriculture and education sectors. For example, one of the principal goals of the Primary Curriculum Development project has been to reorient primary education from a mainly academic bias to a curriculum that provides school-leavers with more of the skills required by Swaziland's developing economy. Much of our assistance to agriculture has been devoted to activities designed to bring small farmers into semi-commercial and commercial production.

As the GOS, USAID and other donors move into irrigation to increase small farmer productivity and income, concomitant action will be required to develop marketing systems and agro-industry. In preparation for the Pilot Small Farmer Irrigation project, USAID will soon be carrying out a preliminary market analysis. The next step will probably be an investment-oriented survey to establish the feasibility of private investment (perhaps from the U. S.) in the processing/marketing area. While difficult to achieve, such market development would provide a focal point for activities in the Rural Development Area and Cropping Systems Research/Extension projects, as well as impacting directly on employment objectives.

During the past year, USAID has been actively reviewing the possibilities for selected direct assistance to private sector activities. In doing so, the Mission has developed a scope of work for a survey of the problems, potential and needs of the private sector in Swaziland. Prospects for agricultural processing or related industries which would use Swaziland's increasing agricultural output will be an area of emphasis for this survey, as they will be for the analysis described in the previous paragraph. The survey will also identify and define opportunities to strengthen Swazi institutions, such as the National Industrial Development Corporation of Swaziland and the Small Enterprise Development Company, which are responsible for stimulating and assisting private sector activities. We expect to provide short to medium term technical assistance and staff training that will better equip such organizations to develop more vigorous and effective private sector development programs. We view this as a possible opportunity for U. S. private sector participation and will seek ways to involve one or more U. S. firms or associations in the development and implementation of this activity.

In addition, we plan to provide tangible support for GOS efforts to further "localize" management and technical positions in the private sector. The new Swaziland Manpower Development Program proposed for initial funding in FY 1984 will contain a significant component of training both for personnel who will manage GOS private sector development efforts and for personnel who will be qualified to assume private enterprise positions now filled by expatriate personnel. We

have repeatedly trained people for government positions in the past only to have them lured away by the greater rewards of private employment. It now seems timely to recognize this reality and begin to focus at least part of our training on areas where serious deficiencies in high priority skills are impeding development of the indigenous private sector.

C. Technology Transfer and Research

Conceptually, three levels of technology transfer and research concern us in the country program. First, and most fundamental, is the need to build into Swazi institutions the capacity to seek, adapt and develop technology and to conduct research. Second, our ongoing projects must incorporate into their operations the most appropriate available (in some cases, state-of-the-art) technology. The third, and pay-off level, is the mass transfer of usable technology to Swazi citizens. In reviewing our programs to determine opportunities for increasing technology transfers, we find that interest and active support from AID/W are vital elements in many such endeavors. Requirements for AID/W assistance are identified throughout this section.

Swaziland's capacity to acquire and adapt technology is related largely to the quality of human resources manning its institutions. Hence, we plan more emphasis on graduate level training in the United States, now including the PhD level where appropriate.^{1/} Corollary to that, we will seek to have Swazi graduate students do their dissertation research in-country where possible. We are emphasizing the procurement of library materials under projects which assist the Institute of Health Sciences, Ministry of Agriculture and Cooperatives Research Station and Teacher Training Colleges. We also plan to encourage the establishment and maintenance of linkages with American institutional sources of technology. The long-term Title XII arrangement with Pennsylvania State University

^{1/} The significant number of returned Swazi AFGRAD participants now occupying positions of prominence is evidence of the effectiveness of this approach.

and Tennessee State University is an example. Other than for long-term contracts such as this one, field missions do not have much scope for supporting such linkages. This may be a useful topic for AID/W to pursue. Outside normal A.I.D. channels, the University of Swaziland has entered into new cooperative agreements with Western Carolina and Virginia State universities during the past two years which should provide another avenue for the transfer of new ideas and technology.

We will encourage Swazi institutions to utilize more effectively the technology being developed in other Southern African countries by building stronger regional linkages among such institutions. For example, the health policies and directions of Swaziland and Lesotho are very similar, but there is little sharing of ideas between the respective ministries. A.I.D.'s support for SADCC should pay close attention to technology sharing.

There are a number of means to accelerate incorporation of the best available technology into ongoing A.I.D. programs. The quality of technician fielded by technical assistance contractors and the quality of home-office technical backstopping, both important factors, can be improved by better contracting procedures. Realistically, only marginal improvements can be anticipated unless candid assessment of these factors, possibly in the form of ranking, is included in AID/W's new contractor evaluation system. The quality of technology transfer in project design and operations is also related to the knowledge of A.I.D.'s technical

personnel. Here again, the field has little control, and lack of space precludes comment.

USAID/S has identified four other means, at least partly within our reach, to enhance the quality of technology incorporated into our programs. First, projects have been designed to include more short-term personnel. This broadens the technological base of a project and increases the probability of attracting the busy first-class technicians. Second, we have made increased use of S&T resources, especially in the health sector. Nearly 9,000 miles from Washington, however, our knowledge of the nature and quality of the available resources is less than universal. (AID/W help is needed on this.) Closer to home, we have begun to encourage regional meetings among technical assistance teams. The need is particularly critical in agriculture, where the technology transfer possibilities and cost savings could be enormous. More regional direction and resources could pay handsome returns. Fourth, directly transferable technology exists in South Africa, particularly in agriculture. Our programs have been instrumental in bringing this to bear on Swaziland problems. Close cooperation with commercial links has been useful.

We are giving increasing attention and resources to methods of transferring useful technology to broad sections of the Swazi population. Project design and operations in a number of projects (Cropping Systems, Rural Water-Borne Disease, Rural Development Areas) incorporate social/anthropological research to focus on such important factors as knowledge transfer mechanisms and local systems (institutions) of authority

and information transfer. Some of the results have usefulness in other sectors, and USAID has actively encouraged such inter-project transfers. This research is an essential element in designing an approach to actual transfer of knowledge and technology to rural people. USAID plans to make increasing use of two means of technology transfer to rural people. First, following sociological research in both agricultural and health projects, more emphasis will be placed on linking project operations with the traditional rural authority institutions. Second, the enormous potential usefulness and cost-effectiveness of mass media and other broad-scale means of technology dissemination are beginning to be realized in Swaziland, encouraged in part by USAID/S. A workshop to discuss mass^{1/} communication possibilities in health has resulted in a request to develop a campaign in diarrheal disease control. The agricultural information activity of the Cropping Systems Research project is rapidly moving into the mass media areas. As a result of these and other activities, interest on the part of the media institutions has increased markedly. USAID support for a program to help develop and coordinate mass media campaigns in health, agriculture and education appears fully warranted.

In summary, our goals are as follows:

1. Strengthen the internal capacity of Swazi institutions and their linkages with U. S. and other institutions to acquire, adapt and disseminate appropriate technology.

^{1/} A reminder: "mass," in Swaziland, refers to a total population of about 600,000.

2. Expand the means available for incorporating more available technology into USAID programs (much AID/W help needed here).

3. Build our knowledge of Swazi attitudes, learning systems and local authority as a basis for designing systems for the final stage of technology transfer, i.e., to the user population.

4. Extend, significantly, the role of the mass media and of traditional authority institutions in technology transfer.

D. Institutional Development

Building and strengthening Swazi institutions has been a principal objective of the USAID program since its inception. All of our bilateral projects, in one way or another, work to strengthen key institutions. Numerous examples are given in Section J.C. of this document. In the following paragraphs we discuss the principles that guide these programs and steps being taken to strengthen institution building efforts.

Underlying all institution-building activities is the conviction that by far the most important element in any truly indigenous, enduring and development-oriented institution is a critical mass of capable Swazi personnel, including its leadership. The approach relies heavily, therefore, on training to develop the human resources necessary for the effective operation and continuing improvement of Swazi institutions.^{1/}

Our approach has time perspective. In the short to medium term, up to five years, OPEX personnel, advisory technicians and short- and long-term training of existing Swazi personnel are the principal inputs aimed at specific institutions with which we are engaged in furthering Swaziland's development objectives. In the longer run, we seek to train the potential leadership of those institutions and others which we can identify as being important in the future. Still further out, our programs in Primary Curriculum Development and Teacher Training should

^{1/} Even in cases where the "institution" is not an organization, e.g., the land tenure system or traditional healers, a more progressive development-oriented institution can be achieved best through strengthening the human resources affecting that institution.

affect favorably, albeit indirectly, the general quality and effectiveness of Swazi institutions by providing strengthened, development-oriented basic education.

The institutions with which we are most concerned are those which impact most directly on the main causes of poverty in Swaziland, identified in the FY 1982 CDSS as: rapid population growth, low health status, low agricultural productivity on Swazi Nation Land and rising unemployment.

Within each institution, in accordance with current A.I.D. policy and previous research on institution building, we attempt to concentrate on four key areas: 1) leadership--present and potential; 2) policy formulation and planning; 3) management; and 4) capacity to transfer, adapt and disseminate technology.

Several actions have been taken to infuse the Agency's emphasis on institution building into program operations. As a first step, Mission policy has been placed squarely in strong support of the Agency emphasis and has been communicated directly to USAID staff and to the leaders of technical assistance contract teams. Each Project Manager and team leader was given a copy of A Guide to Institution Building,^{1/} which summarizes the extensive A.I.D.-supported research in the 1960's and 70's and links research results to practical approaches. Following that, over the last three months, team leaders and USAID Project Managers in each

^{1/} A Guide to Institution Building for Team Leaders of Technical Assistance Projects, North Carolina State University, 1971; Second Edition, December 1981, published by SECID.

major sector have described, analyzed and then discussed with their colleagues problems and approaches related to institution building objectives. Our eventual goal is for each Project Manager and team leader to draw on the results of the above research to develop a set of specific institution building objectives for each Swazi organization we assist which emphasize the four key areas noted above. Thereafter, these institutional objectives would, ideally, be further articulated into personal objectives for each team member.

We are placing increased importance on coordinating our project activities within each functional area to encourage a unified sector approach to development within such areas. For example, the Ministry of Agriculture and Cooperatives is the institution most critical to our efforts to increase agricultural productivity on Swazi Nation Land. We are considering means of augmenting or combining our current and proposed project-scope activities--infrastructure development, research and extension training and irrigation--to achieve a more comprehensive approach to building institutions capable of stimulating small farmer productivity. This larger goal would also inevitably include the University of Swaziland's Faculty of Agriculture as the major provider of trained manpower. Similar efforts to coordinate objectives and maximize institution building effects are under way in health and education (see Section I.C.).

USAID/S' specific goals in institution building can be summarized as follows:

1. Dissemination of Agency policy on institution building throughout the Direct-Hire contract staff. (Largely accomplished)
2. Incorporation of institution building policy and concepts into existing country programs. (Proceeding)
3. More comprehensive analysis of principal and related institutions in sectors of concentration, i.e , agriculture, education, health.
4. Adjustment of programs to reflect analysis.
5. Anticipate future (5-20 years) institution building needs by building a human resource base through quality training in key areas and generally through improvement in basic education.

E. Participant Training

USAID/S has made some major conceptual and operational changes in participant training to increase training's impact on development and plans others. We also plan to increase the proportion of available program funds devoted to participant training.

Three major conceptual changes are planned:

First, we will place strong emphasis on training leadership--present and potential--by making U. S. training opportunities much more widely known and by using more exacting standards in the selection process. We will aim for the best, especially those with potential for overall leadership or special ability in policy formulation, management and technology development and dissemination. Swaziland is now at the point where the GOS and USAID must selectively encourage that cadre of Swazis who have PhD potential.

Second, we plan on taking a long-term viewpoint, especially in our general training projects, by trying to anticipate those skills and disciplines that will benefit Swaziland the most in 8-15 years, and those institutions which are projected to play major roles in current or downstream problems in our sectors of concentration. While we must continue to train incumbents who are presently counterparts to project technicians, we will start training Swazis in the technical fields where USAID will most likely be involved in 5-10 years. Those individuals could be considered the counterparts of the future. The field could include specific areas such as irrigation, marketing, food processing, secondary school curriculum, Faculty of Commerce, etc.

Third, the participant training program will become much more heavily involved in the private sector. The emphasis will be on skills that are in short supply and are impeding development of the indigenous private sector, particularly general management skills which are transferable between private and public sectors.

To introduce the foregoing emphases, a number of operational changes are needed with regard to recruitment of trainees, designated training set asides, and training for exceptional students who have not yet secured posts in government or private enterprise. To find and recruit high-caliber individuals, USAID will take a much more active role in the recruitment and approval process. Under the Southern Africa Manpower Development Project (SAMDP), the Department of Establishments and Training submits a training plan to USAID listing the candidates for training, and USAID then responds. However, the technical officers and contract technicians will now be expected to take a more active role in early identification of especially motivated and intellectually qualified candidates in their respective line ministries. Also, the Mission will use additional criteria in responding to the GOS training plan. We will favor those candidates who show particular academic promise and are in those subject areas which USAID/S feels are especially important in the future, as mentioned above.

In designing a follow-on project (planned for FY 1984) to the SAMDP project, we will consider the usefulness of set-asides. For example, we may decide to designate a certain number of scholarships

each year for Masters of Business Administration and for Masters of Public Health degrees to be awarded on a competitive basis. USAID is currently discussing with several public and private sector organizations possible mechanisms and criteria for recruiting private sector participants in specific fields for training under SAMDP.

USAID will encourage changes in GOS policies to assure that the participant training program makes the fullest use of limited available human resources. For example, we will explore the possibility of funding outstanding University of Swaziland graduates who do not yet have definite positions within the government or private sector. This would ensure the availability of an employment pool of at least Masters level graduates in specific technical and managerial disciplines for the future.

The major vehicle to effect most of these changes is the proposed Swaziland Manpower Development Project. The main component of the project will continue to fund long-term participant training in the United States, with stress on the foregoing emphases. We will, of course, continue in all of our projects to train individuals for specific positions necessary to the success of the various USAID projects. In addition, depending on the availability of funds, we plan to increase the overall number of Swazi participants. If qualified candidates are presented, doubling the present number of 100 Swazi participant trainees in the United States would have more development impact than anything else we could do.

USAID also plans to take greater advantage of other possible funding sources for financing participant training. This includes the

possible expansion of AFGRAAD quotas for Swaziland and the use of centrally funded (mainly S&T), AFR/R and Southern Africa regional programs for funding of participant training. USAID will coordinate more closely with the United States Information Service to share information concerning candidates and programs to fully utilize all available programs.

Concurrently, USAID/S plans to improve Mission management of the participant training program. More attention will be given in PIO/Ps to the description of requested training, suggested training facilities, and the specific emphasis desired. Particular emphasis is being placed on the potential role of each participant in his/her "home" institution and on the relationship of the requested training program to that role. Closer collaboration between the technical officers and the training officer should result in PIO/Ps and Training Implementation Plans that are more technically sound and specific to the actual needs of Swaziland.

Biannual meetings will be set up between each technical officer and the training officer to examine progress made and to update the technical officer with regard to the status of all participants who are being trained in his/her technical area. This information will allow the technical officers to discuss with the appropriate Swazi entities any problems, future training and possible job placement upon return of the participants.

The technical officers will also attempt to initiate correspondence between contract advisors in Swaziland and their

counterparts who are in training in the U. S. The contract advisors could then keep abreast of how the training is progressing and should help the participants gear their programs toward more direct applications for Swaziland and the job they will be returning to.

F. Donor Coordination

In all three sectors of extensive USAID activity--agriculture, health and education--our program has varying relationships with those of other donors. Relationships are particularly close in agriculture; the Rural Development Area program is a multi-donor operation with interdependent inputs. The Institute of Health Sciences also depends partly on other donors, although the U. S. contribution has been predominant. In other areas, programs tend to interface, but are not integrated in the same sense as the foregoing. In some cases, mere interface is sufficient; education is an example. In others, much better integration is required but lacking; the rural potable water program is an example.

On the highest level of generality, e.g., prevention of outright duplication, the present degree of coordination is probably sufficient. This is certainly the case with the donors which have resident representatives, i.e., U. S., U. K., E.E.C., UN, Canada and Germany. We are less certain of achieving the minimum level of coordination in the case of absentee donors, such as IBRD, ADB and IFAD.

However, optimum use of donor resources in Swaziland calls for a more intensive approach to coordination. Although Swaziland is a tiny country, it has a relatively large flow of donor resources. Under these circumstances, our programs affect other donors more directly, and vice versa, than in larger countries. The sectors are smaller and more manageable. Our view therefore is that coordination must proceed from

the general level to the sector level, where it can have a more pronounced effect on the overall productivity of donor and Swazi resources. While much can be achieved in terms of efficiency, it will not be easy. The GOS does not, generally, encourage close coordination. Increased coordination will, inevitably, place demands on management capacity and will surface policy issues.

In view of the foregoing, USAID has plans to stimulate more, and more regular, sector-level, technical-level coordination. It would be naive, however, to believe as STATE 305746 suggests, that other donor programs can be coordinated in such a way as to support A.I.D.'s objectives. While other donors generally support the same overall objectives relating to the poorer rural people, there is no unanimity in how to achieve them. Such differences in approach must eventually be sorted out by Swazis, of course. Here again, a strong participant training program strengthens our position by providing a broader base of Swazis capable of making such decisions.

COUNTRY DEVELOPMENT STRATEGY STATEMENT

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